



Department of Justice

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JUSTICE DEPARTMENT WILL NOT OPPOSE PROPOSAL FOR JOINT RESEARCH RELATED TO OIL AND GAS EXPLORATION

WASHINGTON--The U.S. Department of Justice announced today that it does not intend to challenge a proposal by a group of petroleum producing and oil field service companies and the University of Texas at Austin to engage in joint research and development concerning the application of nanotechnology to the exploration and production of oil and gas. The goal of the joint venture, called the Advanced Energy Consortium (AEC), is to develop subsurface nanosensors that can be injected into oil and gas well bores. By virtue of their very small size, these sensors would migrate out of the well bores and into the pores of the surrounding geological structure to collect data about the physical characteristics of hydrocarbon reservoirs. The data collected could enable the more efficient exploitation of hydrocarbon resources.

The Department stated its position in a business review letter from Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division, to counsel for the AEC. AEC requested a business review letter from the Antitrust Division expressing its enforcement intentions regarding the formation and operation of AEC. AEC's current members are BP America Inc., ConocoPhillips Company, Marathon Oil Company, Occidental Oil and Gas Corporation, Shell International E & P Inc., Schlumberger Technology Corporation, and Halliburton Energy Services, Inc., with management provided by the University of Texas at Austin. Additional qualified companies may join AEC with the approval of two-thirds of the existing members and concurrence of the University.

Under the AEC proposal, the oil and gas industry members will each contribute to funding the research, which will be carried out by the University. The University will own all inventions resulting from the research. Each member that contributed to the development of any invention will receive a royalty-free, nonexclusive, irrevocable, worldwide perpetual license to use the invention for noncommercial internal purposes and will also have the independent right to make, use, and sell any patented inventions, subject to the payment of patenting costs. The University intends to license its rights to third parties on a royalty-bearing basis, subject to the approval of the AEC members, which shall not be unreasonably held. AEC, however, will not license, produce, market or distribute anything.

All AEC members will retain the right to engage in independent research and development and to obtain intellectual property rights relating to such research. In the Department's letter to AEC, Barnett stated that AEC "appears to be structured so that its proposed business conduct will not create any risks to competition." Barnett added, "To the

extent that the AEC engages in research efforts that would not be undertaken by individual firms, the joint venture may have the pro-competitive effect of promoting innovation.”

A file containing the business review request and the Department’s response may be examined in the Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., U.S. Department of Justice, Washington, D.C. 20530. After a 30-day period, the documents supporting the business review will be added to the file.

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